

1 **METHOD AND APPARATUS FOR OPTIMIZING INVESTMENT PORTFOLIO PLANS FOR**  
2 **LONG-TERM FINANCIAL PLANS AND GOALS**

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4 **ABSTRACT**

5 The present invention provides information to enable investors to see how portfolio plans  
6 comprising pluralities of best-diversified portfolios compare in probabilistic measures of  
7 prospects and risks for their long-term financial plans and goals, to enable and educate  
8 investors to select and stay on most promising portfolio paths for their long-term plans, goals,  
9 and priorities.

10 Users are enabled to indicate asset classes or investment categories to be considered  
11 for investment portfolios, specify a long-term financial plan including cash flows to and from a  
12 portfolio plan in a plurality of years, and specify desires for a portfolio plan to comprise different  
13 portfolios for differently taxed funds and different investment periods of the financial plan as the  
14 time horizon shortens. Concepts and methods of Modern Portfolio Theory are applied in  
15 combination with the specified desires for pluralities of portfolios in a portfolio plan to determine  
16 a series of best-diversified portfolio plans; for the long-term financial plan, with each of the  
17 series of best-diversified portfolio plans Monte Carlo simulations are run to develop a probability  
18 distribution of final wealth at the end of the time horizon of the financial plan. From these  
19 analyses, best-diversified portfolio plans are compared graphically in probabilistic measures of  
20 long-term results for the plan, on which measures the portfolio plans will standardly rank and  
21 compare differently.

22 From the foregoing, investors can obtain, for plans with realistic pluralities of cash flows  
23 and portfolios, information and understanding for judging and selecting portfolio plans that offer  
24 best prospects for their long-term goals and priorities and for staying with well-selected portfolio  
25 plans in the face of short-term volatilities that would frighten less informed investors off course.

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